

## Message Text

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72

ACTION ARA-20

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03 H-03

AGR-20 SWF-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

XMB-07 OPIC-12 LAB-06 SIL-01 PA-04 USIA-15 PRS-01

DRC-01 /183 W

----- 042158

R 011949Z APR 74

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 6701

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY QUITO

AMCONSUL GUAYAQUIL

AMEMBASSY SAN JOSE

C O N F I D E N T I A L TEGUCIGALPA 1359

E.O. 11652: GDS

TAGS: ETRD, NU, CS

SUBJECT: BANANAS

BEGIN SUMMARY. ON SATURDAY, MARCH 30, I MET WITH STANDARD FRUIT MANAGER MICHAEL ROTOLO AND REGIONAL VICE PRESIDENT HOMER EATON AT LA CEIBA. BOTH CONVINCED THE EFFECTS OF THE PROPOSED TAX ON BANANAS EXPORTS WILL VARY AMONG THE PARTICIPATING COUNTRIES, WITH HONDURAS AS SAD LOSER; THAT ALL STATISTICS AND EMPIRICAL DATA SUPPORT PREDICTION THAT MARKET FOR HONDURAS BANANAS WILL DROP SHARPLY; THAT STANDARD'S EXPORTS FROM HONDURAS WILL HAVE TO BE CURTAILED DRASTICALLY OR COMPLETELY ELIMINATED; AND THAT, GIVEN THE REALITIES OF THE SITUATION, A REDUCTION IN  
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WORK FORCE WILL BE NECESSITATED. END SUMMARY.

1. MR. ROTOLO DESCRIBED IN DETAIL THE EFFORTS OF STANDARD TO CONVINCE HONDURAS ECONOMY MINISTER BENNATON THAT THE MATTER NEEDED FURTHER STUDY. HE SAID, HOWEVER, THAT BENNATON HAD CONVINCED HIM THAT WHEN THE FRUIT COMPANIES WERE FINALLY BROUGHT INTO THE ACT THE CHIEFS OF STATE HAD ALREADY DECIDED. INDEED, STANDARD'S PRESENCE AT THE INITIAL PANAMA MEETING WAS MORE A MATTER OF ACCIDENT THAN OFFICIAL INVITATION. BENNATON HAD TOLD ROTOLO HE WAS GOING TO THE PANAMA MEETING AND HAD ASKED FOR SOME TECHNICAL ADVICE. MR. ROTOLO HAD DECIDED TO GO HIMSELF, ALTHOUGH STANDARD HAD NOT BEEN OFFICIALLY INVITED.

2. MR. ROTOLO STATED SEVERAL TIMES THAT THE FRUIT COMPANIES, ACTING ON ADVICE OF THEIR RESPECTIVE COUNSELS, HAD EARLY IN THE GAME TAKEN GREAT PAINS TO AVOID COLLUSIVE MEETINGS OR ANY OTHER FORMS OF JOINT ACTION WHICH MIGHT BE IN VIOLATION OF U.S. ANTI-TRUST LAWS. THIS, OF COURSE, MADE COMMUNICATION AMONG THEM DIFFICULT. THUS, BY THE TIME AN "AGREEMENT OF PRINCIPLES" WAS PRESENTED TO THE CHIEFS OF STATE THE INFORMATION CONTAINED THEREIN WAS INSUFFICIENT TO AFFECT ANY OF THE DECISIONS.

COMMENT: IT IS NOT CLEAR HOW THE COMPANIES GOT TOGETHER TO PRODUCE THEIR STATEMENT BUT IT WOULD APPEAR THAT SUCH INFORMATION HAD NOT PREVIOUSLY BEEN CONSIDERED BY THE CHIEFS OF STATE. ONE OF THE LETTER WAS ALLEGED TO HAVE SAID "I WISH YOU HADN'T SHOWN US THIS".

3. THE STANDARD OFFICIALS THEN PRESENTED ME A PACKAGE OF STATISTICAL MATERIAL WHICH HAD BEEN SHOWN TO GENERAL LOPEZ. THE MATERIAL ATTEMPTED TO SHOW THE CORRELATION BETWEEN PAST PRICE INCREASES AND MARKET REACTION. STANDARD MAINTAINS THAT THIS INFORMATION SUPPORTS PROJECTION OF SHARP DECLINES IN THE MARKET FOR HONDURAS BANANAS, TO THAT EXTENT THAT STANDARD WILL BE FORCED TO CUT BACK SEVERELY, OR STOP ENTIRELY ITS EXPORT OF THE HONDURAS PRODUCT. THIS WOULD REQUIRE A REDUCTION OF WORK FORCE.

4. THE STANDARD OFFICIALS EXPRESSED AN APPRECIATION OF OUR CURRENT POSITION IN THIS MATTER. THEY STATED THEIR WILLINGNESS TO ASSIST US IN OUR DESIRES TO MAINTAIN OPEN DIALOGUE AND ASSURED ME THAT THEY WOULD NOT ONLY KEEP US WELL CONFIDENTIAL

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INFORMED BUT WOULD MAKE EVERY EFFORT TO CONTINUE THEIR DIALOGUE WITH THE AFFECTED COUNTRIES BOTH AT THE CHIEF OF STATE AND THE MINISTER LEVEL.  
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## Message Attributes

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**Concepts:** CUSTOMS DUTIES, EXPORTS, BANANAS  
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**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** BANANAS BEGIN SUMMARY. ON SATURDAY, MARCH 30, I MET WITH STANDARD  
**TAGS:** ETRD, NU, CS, STANDARD FRUIT, (ROTOLO, MICHAEL)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005